

**Managed Risk Medical Insurance Board
March 22, 2006**

Board Members Present: Cliff Allenby, Areta Crowell, Ph.D.,
Richard Figueroa, Virginia Gotlieb, M.P.H.

Ex Officio Members Present: Joe Munso

Staff Present: Lesley Cummings, Denise Arend, Laura
Rosenthal, Vallita Lewis, Janette Lopez, Tom
Williams, Ruben Mejia, Ernesto Sanchez, Carolyn
Tagupa, Sarah Soto-Taylor, Mary Anne
Terranova, Adriana Alcala, JoAnne French

Chairman Allenby called the meeting to order and recessed it for executive session. At the conclusion of executive session, the meeting was reconvened.

Chairman Allenby introduced Joe Munso, Deputy Secretary of the Health and Human Services Agency, as Secretary Belshe's designee to the Board. He described that Mr. Munso's rich experience and commitment to the Board's mission make him a valuable asset.

REVIEW AND APPROVAL OF MINUTES OF MARCH 1, 2006, MEETING

A motion was made and unanimously passed to approve the minutes of the March 1, 2006, meeting.

STATE BUDGET UPDATE

Tom Williams reported that staff is developing MRMIB's May Revision estimate and preparing for the legislative budget hearings. He then presented certain portions of the Legislative Analyst Office's (LAO) analysis of MRMIB's budget. Mr. Williams discussed six key items:

- (1) The LAO recommends denying the proposal to provide incentive payments to certified application assistants (CAAs). The proposal is a short-term plan to assist in increasing enrollment and building up the number of CAAs to former levels (20,000 at its peak, currently about 4,500). MRMIB notes that enrollment in HFP has been flat for the last nine months and that while the number of CAAs providing technical assistance has increased since payments to CAAs were re-established last July, the number is still significantly lower than it used to be.

- (2) The LAO raises concerns about the potential for increased pressure on the General Funds given that there is no appropriation for SCHIP beginning in FFY 2008 and the fact that HFP's expenditure level exceeds its current allotment. The LAO suggests ways to reduce costs or shift costs to other federally funded programs or the counties. MRMIB staff believes that any changes to the program should be delayed until it is determined how funding shortfalls in other states are going to be addressed in the federal budget. Reducing California's SCHIP expenditures now would result in a loss of more unspent SCHIP funds for California in FFYs 2006 and 2007.
- (3) The LAO contends that the enrollment estimate for HFP is too high and recommends that funding be reduced by \$40 million (\$14 million GF). MRMIB will be revising its HFP enrollment projection in the May Revision to reflect more current enrollment. Mr. Williams pointed out that the LAO's figure of \$40 million is significantly overstated based on its recommendation to reduce enrollment by only 21,000, or 2% of the projected enrollment, whereas the funding level reduction is nearly 4% of the total budget.
- (4) The LAO recommends approval of only two of the ten positions MRMIB requested to address workload demands. Mr. Williams pointed out that the LAO's analysis fails to recognize staff works a significant amount of overtime and redirects workload priorities. MRMIB will be providing additional workload analysis documenting the need for five more positions in the Eligibility Division to address contract monitoring, program audits, performance standard reviews, and quality controls. More importantly, the LAO's denial of the other three positions lacks merit in that the denial is based on temporary (versus annual) vacancies that have since been filled.
- (5) The LAO recommends approval funding for an evaluation of the mental health and substance abuse benefits provided by contracting health plans and of two positions, funded by Proposition 63 funds, to work with the Department of Mental Health on prevention and intervention strategies for mental health services.
- (6) The LAO recommends rejection of the Administration's proposal to re-establish a media campaign for HFP and MC and approval of funding for outreach grants through county health departments. However, the LAO suggests that the allocation formula for the grants take into account a county's ability to use other funding sources for outreach.

Dr. Crowell expressed concern that the LAO did not understand the short term nature of much of the funding being used to support outreach at the local level. She indicated as well that the media campaign that occurred in the early years of HFP had been extremely effective and had been off the air of a number of years.

She noted with gratitude the LAO's support of the positions and funding for improvement of mental health services.

Dr. Crowell informed the Board that, as agreed in a previous meeting, Chairman Allenby, Dr. Crowell and Lesley Cummings met with Dr. Mayberg, Director of the Department of Mental Health. Dr. Mayberg was very supportive of assisting MRMIB in improving mental health services.

Ms. Gottlieb added that it is critical to enroll the children who are eligible for, but unenrolled in, HFP and MC. The Governor's proposals for outreach and media address this important goal.

STATE LEGISLATIVE UPDATE

Mary Anne Terranova reviewed legislation staff has been tracking that has been introduced, amended, or has failed since the January Board meeting.

FEDERAL LEGISLATIVE UPDATE

Laura Rosenthal reported on HR 4519, the State High Risk Pool Funding Extension Act. This federal legislation, enacted in February, increases the likelihood that MRMIP will be deemed a qualified high risk pool. Ms. Rosenthal provided a chart depicting potential funding for FFY 2006. The current federal fiscal year budget included \$90 million to fund grants for state high risk pools. Staff estimates California could be eligible for between \$4 million and \$8 million in FFY 2006 funding if the Centers for Medicare and Medicaid Services (CMS) determines MRMIP is a qualified pool. There is the possibility that CMS may require that California increase its \$75,000 annual benefit maximum in order to qualify. Staff will continue to work with CMS and provide updates at future meetings as issues emerge.

Mr. Figueroa expressed concern about the effects of U.S. Senator Michael Enzi's bill (S 1955) on state programs. The Board has always advocated for less risk segmentation and S 1955 would allow for greater risk segmentation, thus threatening California's small group reforms. The bill would allow Knox-Keene plans to remove coverage of pregnancies in the individual market, thus driving more women into MRMIB's programs. He asked that staff communicate concerns about the legislation to the Agency and the Senator's office. Dr. Crowell added that staff should also work with California's delegation. Mr. Munso commented that Agency would be expressing concerns.

Leona Butler, CEO of Santa Clara Health Plan, indicated that she also is very concerned about the contents of the Enzi bill which, in her view, provide for illusory coverage. Plans will be able to rate small groups based on their health risk leading to discrimination against those with health issues. She said it is important to get the word out about the problems with the bill.

APPROVAL OF CONTRACT FOR COURIER SERVICES

A motion was made and unanimously passed approving the resolution authorizing an agreement with ACS-Metro Services for the purpose of providing delivery services in the amount of \$7,500 for the period December 1, 2005, through November 30, 2006.

HEALTHY FAMILIES PROGRAM (HFP) UPDATE

Enrollment and Single Point of Entry (SPE) Reports

Sarah Soto-Taylor reported that there were 744,781 children enrolled in the program as of March 14. She reviewed enrollment data for the month of February.

Janette Lopez gave an update on application assistance fees. She noted that enrollment has been flat for the past nine months. Staff had hoped to see an increase in enrollment as a result of reinstitution of payments for application assistance. Ms. Lopez then reviewed a chart detailing the number of applications for which a fee has been paid since the fee payment was reestablished last July. The volume of applications for which fees have been paid has not risen as quickly as staff had hoped. There has been a gradual improvement in the percentage of assisted enrollments, up from 15% to approximately 30%. However, the amount being billed per month is far less than the budget anticipated. She pointed out that the chart does not take into account unpaid application assistance--not all certified application assistants (CAAs) ask for payment. Dr. Crowell asked how many CAAs and enrollment entities (EE's) MRMIB had paid at the peak of the program, prior to the elimination of the fee. Ms. Lopez said there were 18,000 CAAs and 8,000 EEs. Presently there are only 6,800 CAAs and 1,550 EEs. Dr. Crowell commented that the LAO needs to understand that there is low uptake to-date.

Ms. Lopez also discussed a chart comparing new enrollment with total enrollment by month since June 1998. As stated previously, enrollment has been flat for the last nine months. Fewer applications are being received every month, and fewer of them are resulting in enrollment. The Board underscored that these findings demonstrate the need for a media campaign because getting the remaining children enrolled will be hard work. There continue to be families who do not know about HFP.

Administrative Vendor Performance Report

Ms. Soto-Taylor presented the administrative vendor (AV) performance reports for HFP and SPE for the months of January and February. MAXIMUS is the AV for both of these programs. In both months, MAXIMUS met all seven

performance standards for HFP and all four performance standards for SPE pursuant to the measures contained in its contract.

Ms. Lopez reviewed the findings illustrated in a chart showing plan enrollment discrepancy statistics. The number of plans doing enrollment reconciliations with Maximus has increased to 26. She noted that over two million transactions are processed between MAXIMUS and the plans each month and that plans are now reporting very few discrepancies (0.6%). When Maximus assesses the discrepancies, the rate falls to 0.14%. Ms. Gotlieb commented on the tremendous workload.

Advisory Panel Summary

Ms. Lopez summarized the HFP Advisory Panel (Panel) meeting held February 1, 2006. The Panel is still seeking to fill the position of a subscriber with special needs child. Jack Campana was unanimously re-elected to serve another one-year term as the Panel Chairperson.

Impact of Premium Increases

Ms. Lopez gave an update on the impact of the premium increases that were implemented July 1, 2005, for families with incomes between 250-300% FPL. She reviewed the data in the two charts provided for this purpose, comparing disenrollments by income level in June (prior to implementation) to enrollment from July - December. During four of those months, disenrollments were over the June level. To put the disenrollments into context however, 11,250 children were disenrolled between July and December 2005 who had premium increases, but over 200,000 children were enrolled in the same six-month period. Mr. Figueroa commented on how many children return to the program even after disenrolling.

2004 Traditional Safety Net as Primary Care Provider Report

Carolyn Tagupa explained that this report identifies the number of HFP members who received their primary care from a traditional and safety net (T&SN) provider during calendar year 2004 and whether those members selected the T&SN provider or were assigned the provider by their health plan. This report can be found on MRMIB's website at www.MRMIB.ca.gov. Key findings indicate:

- The percentage of HFP members receiving primary care from a T&SN provider is the same as calendar year 2002; 62%.
- Hispanic/Latino and Asian/Pacific Islanders continue to have the largest percentage of members using a T&SN provider. No large variation occurred based on ethnicity or primary language spoken.

- The percentage of subscribers who selected a T&SN provider rather than being assigned one by their health plan remains at 82%.
- The percentage of subscribers receiving care from a T&SN provider remains the same, but the distribution among plans has changed. Plans who were polled indicated the changes can be attributed mostly to an improvement in the capture of data.
- A comparison of low, medium and high FPL categories over a two-year period indicates fewer members in the high FPL category use a T&SN provider.

2004 Quality Measurement (HEDIS) Report

Ruben Mejia provided highlights of the HEDIS report. This report monitors access and quality of health care services as assessed by certain HEDIS measures. The report can be found on MRMIB's website at www.MRMIB.ca.gov under "Healthy Families/Special Reports." Mr. Mejia highlighted some of the key findings:

- Childhood immunizations and well-child visits (ages three to six) have improved consistently over the last four years; children's access to a primary care practitioner remains very high—above 90%.
- Adolescent well care, which has had traditionally low scores, showed minimal improvement;
- Follow-up after hospitalization for mental illness has historically been problematic. Low sample sizes make it difficult to capture the information necessary to accurately determine this measure.
- Utilization of alcohol and other drug services is a new measure based on a small sample size. This first-year data provides a baseline for future comparisons.

Dr. Crowell noted that the Board has commented on the adolescent scores in the past and asked what follow-up is being done with the plans. Vallita Lewis responded that staff will be discussing the HEDIS results with plans and will work with low performing plans on how to improve. She noted that the local initiatives did the best. Dr. Crowell added that HFP is doing better than the commercial market.

Regarding mental health services, Dr. Crowell said that the low rates associated with follow-up seven days after an in-patient stay were not likely to result from the carve-out to the counties, but that the measure showing follow-up after 30 days likely was. The measures themselves are not very satisfactory because they do not address prevention and intervention. The fundamental issue is that children

with needs are not being identified in the primary care setting. Prop 63 should help with coordination of services between plans and counties. She was happy to see the new measure for alcohol and substance abuse and indicated that similar information was available on mental health services that she thought should be included in the report. Mr. Figueroa added that ensuring the quality of services HFP children receive is one of the most important functions of the Board and requested that staff focus on poor performers.

Leona Butler, CEO of Santa Clara County Health Plan, congratulated the Board on its 15th Anniversary. She acknowledged staff for the work done on plan marketing guidelines which now are quite workable. She noted that the California HealthCare Foundation had worked with plans for two years to implement an auto assignment in Medi-Cal that she thought would work well in the Community Provider Plan (CPP) process. It combines HEDIS performance with use of safety net providers. She suggested MRMIB use the approach in the CPP process.

Leah Morris, Health Net, said the commercial plans would not necessarily view the Medi-Cal process as appropriate for the CPP and indicated that she would like to weigh in on the issue before the Board considers it. Mr. Figueroa commented that Health Net had not reported its traditional and safety net providers and asked if it would in the future. Ms. Morris acknowledged that reporting had been a challenge and that Health Net was working on an improved process.

Chairman Allenby complimented staff on an excellent report.

HEALTHY KIDS BUY-IN UPDATE

Ernesto Sanchez noted that the fact that children with family incomes over \$40,000 would not be eligible for California Children's Services remains a major barrier to health plan participation in the buy-in. He reviewed with the Board the steps staff has taken to address the CCS issue and identified what the next steps will be. He hopes to be able to bring the results of the review of CCS costs to the Board in April or May. He also reviewed the work plan and timeline for the program which projects an implementation date of January 2007.

COUNTY CHILDREN'S HEALTH INSURANCE PROGRAM (C-CHIP)

Mr. Sanchez gave an update on the program which will draw down federal funds for counties to implement their version of the SCHIP. CMS has given approval for the counties of Alameda, San Francisco, San Mateo, and Santa Clara.

- San Mateo and San Francisco have executed contracts and are currently being trained by MRMIB staff on the federal claiming process. They are expected to be drawing funds by June 30, 2006.

- Santa Clara has finalized a contract and is currently waiting for approval from the county board of supervisors. Leona Butler commented that this approval would come in two weeks.
- Alameda is reconsidering whether it will move forward with its Healthy Kids Program due to the size of its membership which raises fiscal concerns.

Mr. Sanchez reported on the status of proposals from four other counties:

- Santa Cruz's proposal is on hold pending coordination of cost-sharing with federal regulations.
- Tulare's proposal was resubmitted yesterday. It has received approval of its health plan contract from DMHC.
- Staff presented an overview of AB 495 and the application to Solano on January 6, 2006; Staff will continue to follow up with them.
- Orange is waiting for direction from the board of supervisors for both the buy-in program and the C-CHIP. The board of supervisors indicated they would decide later in the year; staff will continue to monitor their interest.

ACCESS FOR INFANTS AND MOTHERS (AIM) UPDATE

Enrollment Report

Ms. Soto-Taylor reported that as of the end of February 2006 there were 6,272 women and 5,338 infants enrolled in AIM. She reviewed the enrollment data for the month of February.

Quarterly Fiscal Report

Mr. Williams referred to the discussion at the January meeting wherein staff had reported that there would be insufficient funds for payments to the plans due in December due to a delay in federal approval of the prenatal state plan amendment (SPA). MRMIB has since secured a \$30 million GF loan and has processed both December and January payments. The projected fund balance of \$24,175,932 is sufficient to make the February and March plan payments.

MAJOR RISK MEDICAL INSURANCE PROGRAM (MRMIP) UPDATE

Enrollment Report

Ms. Soto-Taylor reported that there are currently 8,709 people enrolled in the program. There are 66 people on the waiting list, all of whom are serving the

post-enrollment waiting period. The total number of 36-month disenrollments pursuant to AB 1401 is 12,149.

Quarterly Fiscal Report

Mr. Williams reported that as of December 31, 2005, total assets were \$24,715,837, total liabilities were \$13,661,926, leaving a fund balance of \$11,053,913. For the six months ending December 31, 2005, total revenues were \$3,775,115 and total expenditures were \$20,536,995.

MRMIP and Guaranteed Issue Pilot (GIP) Program Fact Book

Lesley Cummings and Joyce Iseri reviewed in detail key aspects of the fact book. The fact book was prepared to assist policymakers in assessing the pilot program which is slated to sunset in 2007. It contains demographic, financing, and claims information, subscriber satisfaction data, and a comparison of those subscribers disenrolled from MRMIB due to the 36-month time limit established by AB 1401 who subsequently purchased coverage under the guaranteed issue pilot with those who did not purchase the coverage. This report was made possible by financial support from the California HealthCare Foundation. It is available on MRMIB's website at www.MRMIB.ca.gov.

Principles for Legislation on Coverage for Medically Uninsurable Persons

Lesley Cummings presented the Board with suggested principles for legislation concerning MRMIP. The principles were first presented at the March meeting. Staff has not received any comments on the principles from the public since that presentation. A motion was made and unanimously passed to approve the principles with the following edition to the last principle:

“There should be some mechanism to ensure that the diverse populations of California are ~~public is~~ aware of the availability of coverage for medical uninsured persons.”

The principles are available on the MRMIB website at www.MRMIB.ca.gov.

There being no further business to come before the Board, the meeting was adjourned.